

Message Text

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ACTION EUR-25

INFO OCT-01 EA-11 ISO-00 AID-20 CEA-02 CIAE-00 COME-00

EB-11 FRB-02 INR-10 IO-15 NEA-10 NSAE-00 RSC-01

OPIC-12 SPC-03 TRSE-00 CIEP-02 LAB-06 SIL-01 OMB-01

PA-03 PRS-01 USIA-15 INT-08 SCEM-02 DRC-01 /163 W

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R 041317Z OCT 73

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 4491

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

AMEMBASSY TOKYO

AMEMBASSY VIENNA

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E.O. 11652: N/A

TAGS: ENRG, UK

SUBJECT: UK PRICE COMMISSION APPROVES INCREASE IN
RETAIL GASOLINE AND FUEL OIL PRICES

1. UK PRICE COMMISSION HAS APPROVED, EFFECTIVE OCTOBER
4, A GENERAL INCREASE OF APPROXIMATELY 1 PENCE (ABOUT
2.5 CENTS) A GALLON ON RETAIL GASOLINE SALES AND 2 PENCE
(ABOUT 5 CENTS) A GALLON ON RETAIL HEATING OIL SALES.
INDIVIDUAL COMPANY INCREASES PERMITTED ON GASOLINE RANGE
FROM 0.587 PENCE A GALLON FOR SHELL AND BP TO 1.257
PENCE A GALLON FOR CONOCO. INCREASES FOR BURMAH, ESSO
AND MOBIL ARE BETWEEN 0.6 AND 0.939 PENCE A GALLON.

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OTHER COMPANIES, SUCH AS TEXACO, HAVE NOT YET DECIDED ON

PRICE CLAIMS BUT ARE EXPECTED TO FOLLOW SUIT IN NEAR FUTURE.

2. DISCREPANCIES BETWEEN INCREASES ALLOWED INDIVIDUAL COMPANIES ARE BASED LARGELY ON DIFFERENT TIME PERIODS FOR WHICH CLAIMS MADE. OVER TIME PRICE INCREASES SHOULD BALANCE OUT. IN CASE OF CONOCO, HOWEVER, PORTION OF SOMEWHAT LARGER INCREASE BASED ON LOSS-MAKING PROVISIONS OF PRICE AND PAY CODE.

3. INCREASES APPROVED BY PRICE COMMISSION ON OCTOBER 1 ARE LARGER THAN THOSE GRANTED AT END OF APRIL BASED ON SUBSTANTIALLY HIGHER COSTS OF CRUDE OIL AND TRANSPORTATION. COMMISSION STAFF WILL MONITOR PRICES TO INSURE THAT NO EXCESSIVE INCREASES ARE CHARGED AT RETAIL OUTLETS.

4. PRESS COVERAGE HAS BEEN LIGHT THUS FAR AND LIMITED TO STRAIGHT FACTUAL REPORTING OF COMMISSION ACTION.

5. COMMENT: UK PRICE CONTROL SYSTEM PROVIDES FOR MANDATORY CONSIDERATION BY PRICE COMMISSION OF COMPANY CLAIMS WITHIN 28 DAY PERIOD, WHICH CAN BE EXTENDED TO A MAXIMUM OF 42 DAYS IF CLAIM IS REJECTED AND THEN APPEALED. RAPID AND COMPARATIVELY FREQUENT ADJUSTMENTS HAVE MINIMIZED THUS FAR ADVERSE PUBLIC REACTION ON ONE HAND AND COMPLAINTS OF OIL COMPANIES ON OTHER HAND. EFFECT OF DECISION TO ALLOW DIFFERENT PRICE INCREASES TO EACH COMPANY COULD INTRODUCE HOWEVER A SIZEABLE VARIATION IN SCHEDULED PRICES OF MAJOR INDUSTRIAL FUELS BETWEEN BRANDS.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, SALES, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 04 OCT 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: willialc
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973LONDON11423
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731051/aaaablo.tel
Line Count: 94
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: willialc
Review Comment: n/a
Review Content Flags:
Review Date: 13 JUL 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <13-Jul-2001 by thigpegh>; APPROVED <20-Nov-2001 by willialc>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: UK PRICE COMMISSION APPROVES INCREASE IN RETAIL GASOLINE AND FUEL OIL PRICES
TAGS: ENRG, UK
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005